



# Waiver Wise

## Technical Assistance for the Community Options Program Waiver COP-W

Wisconsin Department of Health & Family Services • Division of Supportive Living  
Bureau of Aging & Long Term Care Resources

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## Medical/Remedial Expenses

### Medical/Remedial Expenses

Medical/Remedial expenses are those services that involve direct patient care **and** are for the express purpose of diagnosing, treating or preventing (or minimizing the adverse effects of) illness, injury or other impairments to an individual's physical or mental health.

According to the Medicaid Handbook, a *medical expense* is an expense incurred by the program participant that is prescribed by or provided by a medical practitioner licensed by Wisconsin or another state. The Medicaid Waivers Manual cites examples of medical expenses in Appendix C on page 149. These examples include:

- Amounts being paid on past medical bills
- Co-payments for medical supplies and services
- Over-the-counter medical supplies
- Medication not covered by Medicaid
- Dietary supplies
- Vision services
- Dental services

**Medical and remedial expenses can not include housing or room and board services.**

According to the Medicaid Waivers Manual, *remedial expenses* for Group B or Group C participants are services or items 1) that are deemed necessary by the county agency, 2) that assist the individual in community living, 3) that are included in the service plan.

Under the waivers, medical/remedial expenses are treated differently for Group B and for Group C. Medical and remedial expenses for Group B participants are used to *offset* the cost share obligation. A cost share obligation is the amount the participant must contribute towards his/her waiver services each month. Only *out-of-pocket* medical/remedial expenses can be used in this calculation (for Group B participants, medical/remedial expenses funded by Medicaid, the waiver program or COP **cannot** be

counted to reduce a cost-share). A Group B participant with enough medical/remedial expenses may end up with no cost share.

The medical and remedial expenses of a Group C individual are used to establish and to maintain eligibility. They must be incurred by the individual as part of the spenddown. The spenddown obligation is the amount a Group C individual must incur monthly to maintain eligibility. Note: A single person must both incur and be held responsible for their spenddown amount on a monthly basis; a married individual must incur the spenddown amount for eligibility purposes, but may not have to pay it when income is allocated to the community spouse.

For Group A participants, medical/remedial expenses have no significance in the financial eligibility calculation, since Group A individuals have no cost share obligation.

### **Commonly Asked Questions**

***Question 1 – A participant receives services from a chiropractor, and the chiropractor has recommended that the participant take a regime of vitamins and herbal treatments. The participant would like to take the recommended supplements and use the cost as a medical/remedial expense to decrease his/her cost share obligation. Is the cost of the supplements recommended by the chiropractor an allowable medical/remedial expense?***

According to the Medicaid Waivers Manual, an allowable medical/remedial item is an expense that is prescribed by or provided by a licensed medical practitioner by Wisconsin or another state. BALTCR has defined a medical practitioner to be a medical doctor. Because a chiropractor is not a medical doctor, the participant would need a medical doctor's recommendation documenting the participant's medical benefit from taking the supplements. The medical doctor's recommendation for the supplements does not need to be in prescription form. The care manager could document this verification of medical need by casenoting a conversation with a medical doctor or obtaining written documentation from the medical doctor of his/her support for the supplements. It is good practice for care managers to discuss with medical doctors whether mixing medications with other ingested health supplements is or could be harmful.

***Question 2 – A participant has a cost share obligation of \$50/month and receives representative payee services (\$20/month). Can the participant pay for the representative payee services and use that cost as a medical/remedial expense?***

No, not as a medical/remedial expense but as a costshare. By definition, medical/remedial expenses are those items/services that cannot be funded by the waiver program. Since representative payee services are waiver allowable (under SPC 406), the participant's payment of that service cannot be considered a medical/remedial expense. In this example, the participant can pay directly for the representative payee services and the disbursement (\$20/month) is partial payment of the cost share obligation (\$50/month). In addition, a \$30 payment is due towards another waiver program service, such as supportive home care, to ensure the full cost share obligation of \$50/month is paid.

***Question 3 – A participant is residing in a substitute care setting and does not need medical/remedial expenses to offset a cost share obligation. Does the care manager still need to document the amount of any medical/remedial expenses?***

Yes. Even though the medical/remedial expenses are not needed to reduce or eliminate a cost share obligation, these costs need to be tabulated in order to determine what income the participant has available to pay toward the facility's room/board costs.

It is best practice to use the formula in Chapter V – Service Plan Packets (page 39) of the Medicaid Waivers Manual to determine the amount of income a participant has available to pay towards the room/board costs. This formula has a line item for medical/remedial expenses. Entering the out-of-pocket medical/remedial expenses in this formula allows the participant to retain income to fund the medical/remedial expenses, before contributing to the cost of room/board services. If the cost of these allowable deductions were not factored into the formula, the participant might not have enough income for necessary medical/remedial expenses.

***Question 4 – Can a recipient's payment for a life insurance policy be used as a remedial expense?***

No. Life insurance policies benefit the estate and/or any surviving family members. They do not help to keep the individual in the community.

***Question 5 – If a participant supplements the wages of his/her supportive home care worker (who is funded by the waiver), can the supplementation be counted as a medical/remedial expense?***

No. Supplementing the worker's wage cannot be used as a medical/remedial expense because it is prohibited under Medicaid rules. An option for the county is to increase the worker's hourly wage. Since the participant cannot use the supplemented wage amount as a medical/remedial expense deduction, he/she might be required to pay a higher cost share amount.

***Question 6 – Can the extra monthly utility expenses that a waiver participant has due to running an air conditioner, ventilator, oxygen machine, etc. be counted as a medical/remedial expense?***

***Example: A participant's electrical bill is around \$75/month. The average, without using her oxygen machine, would be around \$35/month. Can the participant use the difference of \$40/month as a medical/remedial expense?***

Usually, extra utility costs are not allowable as a medical/remedial expense. These high utility expenses are taken into account by the ESS and as part of the special housing deduction, which is a component of the personal maintenance allowance. However, when housing costs exceed the personal maintenance maximum, the difference may be counted as a medical/remedial expense for Group B or Group C individuals (Group A individuals have no cost share, therefore the additional expense cannot be taken into consideration).

***Question 7 – What expenses may be counted as remedial expenses when a participant has a live-in attendant?***

A live-in attendant's food and household supplies, **if paid by the participant**, can be counted as remedial expenses for a single Group B participant, recorded on the medical/remedial line of the ECSC screen. The wages for a live-in attendant are waiver-allowable and should be funded by the waiver program. In most cases the cost of housing for a live-in attendant is not considered a medical/remedial expense. It is considered part of the special housing amount, which is a component of the personal maintenance allowance. However, when housing costs exceed the personal maintenance maximum, the difference may be counted as a medical/remedial expense.

For a single Group C participant, a live-in attendant's food and living expenses, *and* certain housing costs (e.g., the difference between a one-bedroom and two-bedroom apartment, half of the basic monthly phone and utility bills) can be counted as medical and remedial expenses. All of these are recorded as medical/remedial expenses on the ECED screen because there is no other area to count these costs on the ECED.

***Question 8 – What unpaid medical bills can be counted as medical expenses? How should these expenses be monitored?***

Any outstanding medical bills can be considered a medical expense as long as the bills are **unpaid and the participant is making a monthly payment to the medical provider**. It is not acceptable to use 1/12th of the outstanding bill as the monthly deduction, unless that is the payment plan. The care manager should monitor the actual monthly payments made to a licensed medical provider on an outstanding bill. It is easiest if the care manager and participant agree upon a set dollar amount to be paid each month. A review of canceled checks or money order receipts is most often used to verify the dollar amounts paid on an outstanding debt.

***Question 9 – Can credit card payments, cash advances, bank loans, reverse or second mortgages that have been used to pay past medical bills qualify for a medical/remedial expense deduction?***

No. Medical bills that have been paid by the use of a third party/entity (i.e., credit card, bank loan, second or reverse mortgage) do not qualify as a medical/remedial expense. This debt is considered a personal debt not an outstanding medical bill. These debts should not be counted as a medical/remedial expense because the medical provider has been paid, and the debt is now with the credit card company, bank, etc.

***Question 10 – If a lump sum payment was made before a person became waiver eligible, can this be used to reduce the cost share?***

No. Medical and remedial expenses are meant to represent an estimate of *future* expenses that the participant will pay over the next twelve months. If an applicant paid off a \$3,000 medical bill one month before starting on the waivers, the amount of the payment *cannot* be applied toward the cost share deduction because the debt was eliminated before the cost share obligation was established. However, note that this medical/remedial expense may be used by the ESS to establish Medicaid eligibility under the Medicaid deductible program.

***Question 11 – Can you count a widow's payments on her deceased husband's medical debt as a medical/remedial expense?***

No. Since eligibility is established by taking into consideration only the applicant/participant's income, only the individual's medical/remedial expenses are used to offset cost shares or calculate spenddowns. This is a personal debt. It is not her medical debt.

